

Fiscal Guidance for Federal Grant Programs

Division of Financial and Administrative Services
Dr. Kyle Kruse, Deputy Commissioner

JANUARY 2026

DESE | Financial and Administrative Services

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INTRODUCTION

The purpose of the document is to provide a reference to the fiscal requirements and procedures necessary for responsible financial management of federal grant programs. The intent is to provide a general overview of federal requirements and assist subrecipients in the proper fiscal accountability for federal funds as prescribed by law. Fiscal oversight of federal grants is assigned to the Division of Financial and Administrative Services within the Missouri Department of Elementary and Secondary Education (DESE).

The guidance document references the Code of Federal Regulations, Uniform Grant Guidance (UGG), and the Education Department General Administrative Regulations (EDGAR). Since the document is not all-inclusive, the reader is encouraged to refer to specific program legislation and regulations as needed. In such instances where state statute is more restrictive than federal requirements, the state statute applies. Every effort has been made to ensure that the document is accurate, but if the guidance conflicts with state or federal statutes or regulations, the statutes or regulations should be followed.

The following sections describe a general overview of federal requirements for subrecipients receiving federal grant awards. All requirements outlined below are federal policies established by legislative or executive authority which apply to all federal programs. Subrecipients must have policies and procedures to implement and perform the requirements. They are to be reviewed as part of an audit of each state and local government or other entity which receives federal financial assistance.

Additional resources are on the [Financial and Administrative Services](#) webpage.

For detailed information about specific grant requirements, please contact the appropriate section as indicated below.

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DEFINITIONS

Cost Objective – A function, organizational subdivision, contract, grant, or other activity for which costs data are needed and for which costs are incurred.

Federal Awarding Agency means a federal agency that provides a federal award directly to a non-federal entity.

Non-Federal Entity means a state, local government, Indian tribe, institution of higher education (IHE) or nonprofit organization that carries out a federal award as a recipient or subrecipient.

Subrecipient means a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency. Local educational agencies and public institutions of higher education are generally considered subrecipients.

Reference: 2 CFR Part 200.1

ALLOWABLE/REASONABLE/ALLOCABLE COSTS (Written Procedure Required)

Subrecipients assume responsibility for ensuring that federal funds have been expended and accounted for consistent with program regulations and approved applications. Costs generally are categorized as either direct or indirect. All coding of direct and indirect costs should follow the [Missouri School Finance Accounting Manual](#).

Direct costs may include salaries, fringe benefits, purchased services, supplies and equipment.

- Administrative or clerical staff
 - Direct charging of admin costs may be appropriate only if all of the following conditions are met:
 - Such services are integral to a project or activity;
 - Individuals involved can be specifically identified with the project or activity;
 - Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
 - The costs are not also recovered as indirect cost.
 - Example: Job description could be used to meet the conditions along with time and effort documentation.

Reference: 2 CFR Part 200.413(c)

Indirect costs are those costs which are not readily identified with the activities funded by the federal grant or contract but are nevertheless incurred for the joint benefit of those activities and other activities and programs of the subrecipient. Accounting, auditing, payroll, personnel, budgeting, purchasing, and operation/maintenance of plant are examples of services which typically benefit several activities and

programs and for which appropriate costs may be attributed to the federal program by means of an indirect cost allocation plan.

- The indirect cost rate used in calculating the indirect costs depends on whether the grant is a restricted or unrestricted grant.

Reference: Missouri School Finance Accounting Manual and 34 CFR Part 76.564 and 2 CFR 200.414

Allowability

To be allowable under a federal award, costs must meet the following general criteria and must be in a written procedure:

- Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles;
- Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items;
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the subrecipient;
- Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to a federal award as an indirect cost;
- Be determined in accordance with generally accepted accounting principles (GAAP);
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period;
- Be adequately documented; and
- Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, the costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the federal agency. All other costs must be incurred during the approved budget period. At its discretion, the federal agency is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods. See § 200.308(g)(3).

Reference: 2 CFR Parts 200.403 and 200.406

Reasonable

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the subrecipient or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, tribal, and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for geographic area.

- Whether the individuals concerned acted with prudence in the circumstances considering responsibilities to the subrecipient, its employees, where applicable its students or membership, the public at large, and the federal government.
- Whether the subrecipient significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

Reference: 2 CFR Part 200.404

Allocable

A cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable to the federal award or cost objective in accordance with relative benefits received. The standard is met if the cost:

- is incurred specifically for the federal award;
- benefits both the federal award and other work of the subrecipient and can be distributed in proportions that may be approximated using reasonable methods; and
- is necessary to the overall operation of the subrecipient and is assignable in part to the federal award.

All activities which benefit from the subrecipient's indirect cost, including unallowable activities and donated services by the subrecipient or third parties, will receive an appropriate allocation of indirect costs.

Any cost allocable to a particular federal award may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulations, or terms and conditions of the federal awards, or for other reasons. However, the prohibition would not preclude the subrecipient from shifting costs that are allowable under two or more federal awards in accordance with existing federal statutes, regulations, or the terms and conditions of the federal awards.

Direct cost allocation principles state that if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

Reference: 2 CFR Part 200.405

ANNUAL RISK ASSESSMENT

A risk assessment for all subrecipients is performed on an annual basis. Common risk factors may include:

Risk Indicator	Definition
Audit Concerns • No Audit Completed • Audit Findings • Audit Opinion Not Unqualified	An audit concern related to the applicable federal program from the fiscal year under review or from the most recent audit
New Personnel	A change in the federal grant contact personnel (Core Data August cycle, Screen 3) from the year prior to the fiscal year under review to the fiscal year under review
Fiscal Monitoring Findings	Fiscal monitoring findings that resulted in a Corrective Action Plan (CAP) from a self-assessment, phone review, or onsite review from the most recent fiscal year
Late Budget	Budget application from fiscal year under review submitted any date after July 1
Late FER	FER from fiscal year under review or prior year submitted any date after September 30
Allocation Amount	Subrecipients with the largest allocations of the federal grant award from the fiscal year under review
Overpayment	Overpayment of any amount in the fiscal year under review
Lapsed/Forfeited Funds	Lapsed or forfeited funds of any amount in the fiscal year under review
Last Fiscal Monitoring	Date of last fiscal monitoring (phone review or onsite review) more than three years ago
Financial Concerns	Identified financial concerns in the fiscal year under review, including but not limited to financial distress, impending school closure, indications of fraud/abuse, Cash Management Plan assignment, late budget/FER approval, FER revisions, late Finance Self-Assessment, and award restrictions
Timely Correction of Findings	Subrecipient has not implemented CAP(s) on fiscal monitoring findings from the most recent fiscal year within the given timeframe

Specific Conditions

The federal awarding agency or pass-through entity may adjust specific conditions in the federal award based on an analysis of the following factors:

1. Review of OMB-designated repositories of government-wide data or review of its risk assessment (see § 200.206);
2. The subrecipient's history of compliance with the terms and conditions of federal awards;
3. The subrecipient's ability to meet expected performance goals as described in § 200.211; or

4. A determination of whether a subrecipient has inadequate financial capability to perform the federal award.

Specific conditions may include the following:

1. Requiring payments as reimbursements rather than advance payments;
2. Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance;
3. Requiring additional or more detailed financial reports;
4. Requiring additional project monitoring;
5. Requiring the subrecipient to obtain technical or management assistance; or
6. Establishing additional prior approvals.

Prior to imposing specific conditions, the federal awarding agency or pass-through entity must notify the subrecipient as to:

1. The nature of the specific condition(s);
2. The reason why the specific condition(s) is being imposed;
3. The nature of the action needed to remove the specific condition(s);
4. The time allowed for completing the actions; and
5. The method for requesting the federal agency or pass-through entity to reconsider imposing a specific condition.

Any specific conditions must be promptly removed once the conditions that prompted them have been corrected.

Reference: 2 CFR Part §200.208

Withholding Authority

If subrecipients fail to comply with federal statutes, regulations or the terms and conditions of a federal award, the federal awarding agency or pass-through entity (DESE) may impose additional conditions, as described in §200.208. If DESE determines that noncompliance cannot be remedied by imposing additional conditions, it may temporarily withhold cash payments pending correction of the deficiency.

When subrecipients fail to submit requested information after reasonable attempts and DESE determines them non-compliant, the following procedure will be implemented:

DESE staff will email the subrecipient program contact, superintendent, area supervisor, bookkeeper and if applicable, nonpublic school official requesting information needed.

- Email will include a specific deadline for submission to DESE.

If the subrecipient does not respond by the deadline, the Executive Leadership Team (ELT) team (deputy commissioner or designee) will contact the superintendent concerning the subrecipients failure to submit requested information by the deadline.

If that deadline is not met, the DESE fiscal/program staff will work with the ELT to send a letter to the superintendent, board of education, charter school sponsor or board of directors detailing information that has not been received.

DESE may temporarily withhold cash payments based on the GEPA Administrative Hearing guidelines in 20 USC § 1232c.

State Agency Monitoring and Enforcement (20 USC § 1232c)

In order to enforce the federal requirements under any applicable program the State may—suspend payments to any local agency, in whole or in part, under the program if the State has reason to believe that the local agency has failed substantially to comply with any of such requirements, except that

- the State shall not suspend such payments until fifteen days after the State provides the local agency an opportunity to show cause why such action should not be taken and
- no such suspension shall continue in effect longer than sixty days unless the State within such period provides the notice for a hearing;
- withhold payments, in whole or in part, under any such program if the State finds, after reasonable notice and opportunity for a hearing before an impartial hearing officer, that the local agency has failed substantially to comply with any of such requirements.

Cash Management Plan

DESE has implemented a Cash Management Plan procedure for subrecipients that meet specific criteria as outlined below.

The following criteria may trigger the Cash Management Plan procedure to be implemented:

- **Fiscal Compliance:** The subrecipient has not met a specific grant requirement, has had multiple findings for a specific grant, or has been identified with a significant compliance concern.
- **Possible Closure or Annexation:** There is a possibility the subrecipient will close, be annexed, or combined into another entity.
- **Accusations of Fraud/Abuse:** There have been allegations of fraud and/or abuse of grant funds.
- **Financially Distressed:** The subrecipient has been identified as financially distressed by the School Finance Section within the Department.
- **Late Budget Submission:** The subrecipient has failed to submit a budget application within 6 months of the due date.
- **Late Audit:** The subrecipient, if required, has failed to submit the annual audit within 6 months of the due date.
- **Adverse/Disclaimer Opinion:** The subrecipient has received an adverse/disclaimer opinion on the most recent audit.
- **Qualified Opinion:** The subrecipient has received a qualified opinion on an audit for 3 consecutive years.

If the subrecipient meets one of the criteria above, the subrecipient may be placed on a Cash Management Plan. Taking action will help assure that the Department remains in good standing in meeting grant compliance and will also help the subrecipient avoid situations that could have potentially catastrophic financial consequences.

Placement on the Cash Management Plan will require the subrecipient to submit supporting documentation on all payment requests for applicable grants. Initial documentation will include submittal of the general ledger for the applicable program(s). Once the general ledger has been reviewed, the subrecipient may be required to submit invoices or payroll records as further verification.

After all, supporting documentation has been approved by the Department, the ePeGS Payment Request will be approved and processed for payment.

The general ledger must be submitted with each payment request. All payment requests must be for reimbursement of expenditures paid to date. The subrecipient will not be allowed to request funds for anticipated expenditures. The subrecipient will be notified on a year-to-year basis as to if they have been placed under the Cash Management Plan procedure.

CASH MANAGEMENT IMPROVEMENT ACT (CMIA) (Written Procedure Required)

The Cash Management Improvement Act (CMIA) was placed in operation to prevent interest earnings on federal funds. DESE must ensure that payments are for reimbursements only. DESE must monitor payments to assure that they conform to the federal regulations which applies to both monthly payment requests and final expenditure report (FER) payments. DESE does not allow advance payments.

The subrecipient must have a written Cash Management Procedure. The procedure should address the following:

- The process utilized for determining payment request amounts
- The process utilized for requesting payments
- The process utilized for tracking the receipt of federal funds
- The process utilized for ensuring the federal funds are tied to expenditures in the general ledger
- The process utilized to ensure overall compliance with the cash management requirements

DESE must make payment within 30 calendar days after receipt of the billing, unless DESE reasonably believes the request to be improper.

Payment requests cannot be submitted until an initial budget application for the grant has been approved and must only include actual cumulative expenditures up to the payment request submission date.

Payment requests for federal funds may be submitted any day of the month. Payment requests received between the 21st of the prior month and the 1st of the current month will be paid on approximately the 21st of the current month. Payment requests received between the 2nd of the current month and the 20th of the current month will be paid by the end of the current month. Below is a summary of the payment request schedule.

Payment Request Submitted Date	Payment Received (ACH) Date
21 st of prior month to 1 st of current month	By 21 st of current month
2 nd to 20 th of current month	By end of the current month

*Dates are subject to change, if necessary

Interest Earned

Interest earned on any federal funds by a pass-through entity is required to be submitted at least annually to the Department of Health and Human Services (through DESE). Up to \$500 per year on all combined federal programs may be retained by the pass-through entity for administrative expenses. It is the responsibility of the pass-through entity to document administrative expenses claimed as an interest offset.

Calculating Interest

The interest calculation is the amount of the reimbursement times the annualized federal interest rate for the fiscal year times the number of business days the funds were held until delivery. [Annual Federal Interest Rates](#) are provided for the applicable July 1 – June 30 fiscal year. If the United States Treasury has not established a current rate, use the most recent rate.

Reference: 2 CFR Part 200.305

CONFERENCES/MEETINGS

A conference is defined as a meeting, retreat, seminar, symposium, workshop, or event whose primary purpose is the dissemination of technical information beyond the subrecipient and is necessary and reasonable for successful performance under the federal award.

Allowable conference (meeting) costs paid by the subrecipient as a sponsor or host of the conference may include:

- Rental of facilities
- Speakers' fees
 - Employees of the subrecipient may not be paid a speaker fee unless specifically permitted by the authorizing statute, regulation, and Department
- Costs of meals and refreshments
 - Meal costs are allowed unless specifically not permitted by the authorizing statute, regulation, and Department (please contact the appropriate DESE program section for further guidance).
 - If allowed, the subrecipient may need to provide the following documentation
 - Agenda
 - List of Attendees
 - Meal costs are reasonable and necessary based on the subrecipient's policies and procedures
 - Written justification to demonstrate how it meets the goals and objectives of a federal grant
- Local transportation
- Other items incidental to such conferences

Reference: 2 CFR Part 200.432

Unallowable conference (meeting) costs

- Entertainment costs
 - Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts) are unallowable.

Reference: 2 CFR Part 200.438

CONSTRUCTION/CAPITAL EXPENDITURES

A subrecipient may not use its grant funds for construction unless specifically permitted by the authorizing statute, regulation, and Department. Prior approval must be received, and the Davis-Bacon Act must be followed (see Davis-Bacon Act section).

Reference: 2 CFR Part 200.439(b)(3)

CONTRACTOR VS. SUBRECIPIENT

Contractor

A contract is for the purpose of obtaining goods and services for the subrecipient's own use and creates a procurement relationship with the contractor. Contract characteristics include:

1. Provides the goods and services within normal business operations;
2. Provides similar goods or services to many different purchasers;
3. Normally operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the federal program; and
5. Is not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons.

Subrecipient

A subaward is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship with the subrecipient. Subrecipient characteristics include:

1. Determines who is eligible to receive what federal assistance;
2. Has its performance measured in relation to whether objectives of a federal program were met;
3. Has responsibility for programmatic decision making;
4. Is responsible for adherence to applicable federal program requirements specified in the federal award; and
5. In accordance with its agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Reference: 2 CFR Part 200.331

DAVIS-BACON ACT

Laborers and mechanics employed by contractors or subcontractors to work on approved construction projects financed using federal assistance must be paid wages not less than those established for the local project area by the Secretary of Labor. The [U.S. Department of Labor](#) and [Missouri Division of Labor Standards](#) provide information on prevailing wage rates.

When using federal funds on construction projects, Davis-Bacon Act (DBA) requirements must be followed. The DBA applies to all projects over \$2,000 for construction, alteration, or repair (including painting and decorating) of public buildings or public works.

Pre-Construction or Repair

The subrecipient is required to inform the contractor about DBA compliance and review the contracts to be sure the contract provisions include DBA compliance language. Prevailing wage determination must be utilized and included in the bid documents with the appropriate language. Wage determinations are available by searching [SAM.gov](#).

Award to Lowest Responsible Bidder

The contract must be awarded to the lowest responsible bidder, which is defined as the bidder that:

- Fully complied with all of the bid requirements;
- Whose past performance, reputation, and financial capability was acceptable; and
- Who has offered the most advantageous pricing or cost benefit, based on the criteria stipulated in the bid documents.

See Code of Federal Regulations 2 CFR 200.317 through 200.327.

Post Contract Award

After awarding the contract, but before construction starts, a DBA poster and a copy of wage determination should be placed on site. The wage determination must be for the subrecipient's county, the correct year, and Construction Type (Building or Heavy). Once the prevailing wage has been determined, it must be used for the entire project.

During Construction

During construction, the subrecipient must receive a certificate of compliance from contractors and subcontractors, as well as including any determination of any non-compliance. In addition, wages and fringe benefits must be paid weekly, and overtime must also be paid, if applicable. Weekly payroll records should be submitted for each employee. [Payroll Form \(WH-347\)](#) should be used for payroll records. The subrecipient can utilize a different format, but it must contain all the information on the WH-347 Form. DBA-related payroll also must be certified (which is on the second page of WH-347) and properly maintained.

After Construction

The subrecipient is required to retain records of payrolls and certifications, as well as a copy of a checklist signed by the subrecipient's authorized representative, for a period of three years after the contract ends. In addition, documentation of the proposals received, and contract award documentation should be kept.

Reference: 40 Stat 1494, Mar.3, 1931, Chap. 411, 40 U.S.C. 576A-276A-5

DEBARMENT AND SUSPENSION

Subrecipients and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part 180. The regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities. The requirement applies to goods and services transactions expected to equal or exceed \$25,000. The requirement does not apply to employees, registrations or material and supplies.

Subrecipients must go to [SAM.gov](https://sam.gov) or [U.S. Department of Health and Human Services](https://www.hhs.gov) to verify the status of contractors/vendors with the federal government. To search a contractor/vendor, follow the steps listed below.

- Click on "Search Records"
- Click on "Advanced Search-Exclusion"
- Enter the social security number/tax identification number in the SSN/TIN search field

If the results indicate "No Records Found," then the contractor/vendor is in good standing with the federal government. The subrecipient should print a copy of the search results for procurement record documentation purposes.

Reference: 2 CFR Parts 180 and 200.214

EQUIPMENT AND REAL PROPERTY MANAGEMENT

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000. While the federal government maintains a higher acquisition cost per unit (i.e., \$10,000) for inventory management and control requirements, state regulations are more restrictive at the \$5,000 or more per unit threshold and therefore supersede the federal government amount. However, upon disposition of equipment, the federal threshold is utilized (see disposition section below).

Reference: 2 CFR Part 200.1

Acquisition cost is defined as the (total) cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired. Acquisition costs for software includes those development costs

capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the subrecipient's regular accounting practices.

Reference: 2 CFR Part 200.1

The following items are subject to the inventory management and control requirements:

- Equipment items with an acquisition cost of \$5,000 or more per unit, and
- Items with an acquisition cost under \$5,000 per unit which are considered attractive or easily pilfered.
 - Sensitive items may include, but are not limited to:
 - audio-visual equipment
 - digital cameras
 - laptops
 - televisions
 - iPads/tablets
 - cell phones
 - power tools
 - computers
 - computer accessories
- Software
 - Software meeting the following criteria would be considered equipment and paid for out of the Capital Projects Fund:
 - Software license that is purchased with a cost \$5,000 or more.
 - Internally created software costing \$5,000 or more.
 - Useful life of more than one year.
 - [Equipment Versus Supply](#) provides additional guidance on equipment and software.

Management Requirements

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place will, as a minimum meet the following requirements:

1. Inventory Management Controls

- a. Equipment Records must be maintained and include:
 - Description of the equipment
 - Serial number or other identification number
 - Funding source of equipment [Including Federal Award Identification Number (FAIN)]
 - Located on Award Allocation Notification or
 - Located on DESE Payment Transmittal
 - Who holds the title, if applicable
 - Acquisition date
 - Cost of the equipment
 - Percentage of the federal contribution towards the original purchase
 - Location of the equipment

- Use and condition of the equipment
 - Any ultimate disposition data including the date of disposal and sale price of the equipment.
- b. A physical inventory of the equipment must be conducted, and the results must be reconciled with the equipment records at least once every two years.
 - c. A control system must be in place to ensure safeguards for preventing loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment must be investigated. The subrecipient must notify DESE of any loss, damage, or theft of equipment that will have an impact on the program.
 - d. Regular maintenance procedures must be in place to ensure the equipment is in proper working condition.
 - e. If the subrecipient is authorized or required to sell the equipment, proper sales procedures must be in place to ensure the highest possible return.

2. Equipment Use

- a. Equipment must be used by the subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the subrecipient must not encumber the equipment without prior approval of the federal awarding agency.

During the time that equipment is used on the project or program for which it was acquired, the subrecipient must also make equipment available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired.

- First preference for other use must be given to other programs or projects supported by federal awarding agency that financed the equipment.
 - Second preference must be given to programs or projects under federal awards from other federal awarding agencies.
 - Third preference use for non-federally funded programs or projects.
 - If original intent is to be shared by multiple programs, cost should be charged or assigned to the federal awards or cost objectives in accordance with relative benefits received.
- b. When no longer needed for the original program or project, the subrecipient may transfer title to the equipment to the federal Government or to an eligible third party provided that
 - The subrecipient must be entitled to compensation for its attributable percentage of the current fair market value of the equipment.
 - When original or replacement equipment acquired under a grant is no longer needed for the original project or program, the equipment may be transferred and used in other projects or programs currently or previously funded by the federal awarding agency.
 - The transfer of such items should be noted on the equipment inventory maintained by the subrecipient.
 - c. When acquiring replacement equipment, the subrecipient may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment.

3. Equipment Disposition

When the original or replacement equipment acquired under a federal award is no longer needed for the original project or program the subrecipient must dispose of the equipment as follows:

- a. Items of equipment with a current per unit fair market value of \$10,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. The disposition of such items should be noted on the equipment inventory maintained by the subrecipient.
- b. Items of equipment with a current per-unit fair market value in excess of \$10,000 may be retained by the subrecipient or sold. The federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from the sale by the federal percentage of participation in the cost of the original purchase. If the equipment is sold, the federal awarding agency may permit the subrecipient to retain from the federal share, \$1,000 of the proceeds to cover expenses associated with the selling and handling of the equipment. Proper sales procedures must be established to ensure the highest possible return.

Reference: 2 CFR Part 200.313

4. Real Property Use

Real property means land, including land improvements, structures, and appurtenances, but excludes moveable machinery and equipment. *Reference: 2 CFR Part 200.85*

A subrecipient may not use its grant for real property unless specifically permitted by the authorizing statute, regulation, and Department.

Real property (if approved) must be used only for the originally authorized purposes as long as needed for that purpose, during which time the subrecipient must not dispose of or encumber its title or other interests.

5. Real Property Disposition

When real property is no longer needed for the originally authorized purpose, the subrecipient must obtain disposition instructions from DESE. The instructions must provide for one of the following alternatives:

- a. Retain title after compensating the federal awarding agency.
- b. Sell the property and compensate the federal awarding agency.
- c. Transfer title to the federal awarding agency or to a third party designated/ approved by the federal awarding agency.

Reference: 2 CFR Part 200.311

FINANCIAL MANAGEMENT/SEPARATE TRACKING

The financial management system of each subrecipient must provide for the following:

1. Identification of all federal awards received and expended and the federal programs under which they were received. federal award identification must include, as applicable:
 - a. Assistance Listing Title and Number (previously referred to as CFDA Title and Number)
 - b. Federal Award Identification Number (FAIN)
 - c. Fiscal Year of the Award
 - d. Name of the federal Agency
 - e. Name of the Pass-Through Entity
2. Accurate, current, and complete disclosure of the financial results of each federal award or program.
3. Maintaining records that sufficiently identify the amount, source, and expenditure of federal funds for federal awards.
4. Effective control over and accountability for all funds, property, and assets. The subrecipient must safeguard all assets and ensure they are used solely for authorized purposes.
5. Comparison of expenditures with budget amounts for each federal award.
6. Written procedures to implement the requirements of payment.
7. Written procedures for determining the allowability of costs.
8. Grant/contract revenues, expenditures, etc. must be separately identified with source and project codes and must not be comingled with other state, federal, and local funds.

[Federal Award Identification template](#) was created by DESE to ensure compliance with the identification of federal awards requirement.

Refer to the [Missouri School Finance Accounting Manual](#) for information on project codes and source codes.

Reference: 2 CFR Part 200.302

FRAUD AND ABUSE

A subrecipient must promptly disclose whenever, in connection with the federal award, it has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations. The disclosure must be made in writing to the federal agency, the agency's Office of Inspector General, and pass-through entity (if applicable).

To report fraud, waste, and abuse of federal funds, contact the U.S. Department of Education and Office of Inspector General (OIG) at:

Phone: 1-800-MIS-USED
Fax: 1-202-245-7047
Webpage: [OIG Hotline](#)

Fraud, waste, and abuse must also be reported to DESE at:

Phone: 573-751-6653
Email: amber.riley@dese.mo.gov

Reference: Office of Inspector General

INTERNAL CONTROLS (Written Procedure Required)

Internal controls safeguard the subrecipient and protect against fraud and abuse. Internal controls are procedures to ensure effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. Internal controls apply to all aspects of the subrecipient's operations, including programmatic, financial, compliance, etc.

Subrecipients must:

1. Establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the subrecipient is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2. Comply with the U.S. Constitution, federal statutes, regulations, and the terms and conditions of the federal award.
3. Evaluate and monitor compliance with statutes, regulations, and the terms and conditions of federal awards.
4. Take prompt action when instances of noncompliance are identified.
5. Take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information.

Reference: 2 CFR Part 200.303 and [Standards for Internal Control in the Federal Government | U.S. GAO](#)

NONDISCRIMINATION

A subrecipient shall not discriminate on the basis of race, color, national origin, sex, disability, or age in its programs or activities.

Reference: 34 CFR Part 76.500

OBLIGATION

Each federal grant has a period for which funds can be obligated and expended. Financial obligations mean orders placed for property and services, contracts and subawards made, and similar transactions that require payment. When a grant is awarded, it is important to note what the approved project period is and the time frames for which obligations may be incurred and liquidated. Where a funding period is specified, a subrecipient may charge to the award only costs resulting from obligations incurred during the funding period. Also, if authorized by the applicable federal program, unobligated balances may be carried over and charged for obligations of the subsequent funding period.

IF THE OBLIGATION IS FOR...	THEN THE OBLIGATION IS MADE...
Acquisition of real or personal property	On the date on which the subrecipient makes a binding written commitment to acquire the property. <i>(Including materials/supplies and miscellaneous items such as meeting registrations.)</i>
Personal services by an employee of the subrecipient	When the services are performed.
Personal services by a contractor who is not an employee of the subrecipient	On the date on which the subrecipient makes a binding written commitment to obtain the services.
Performance of work other than personal services	On the date on which the subrecipient makes a binding written commitment to obtain the work.
Public utility services	When the subrecipient receives the services.
Travel	When the travel is taken.
Rental of real or personal property.	When the subrecipient uses the property.
A pre-agreement cost that was properly approved by the State under the cost principles	On the first day of the project period.

Reference: 34 CFR Part 76.707

Formula Grant

If the authorizing statute or regulation for a program requires a State to make subgrants on the basis of a formula, the State may not authorize an applicant for a subgrant to obligate funds until the later of the following two dates:

- The date that the State may begin to obligate funds; or
- The date that the subrecipient submits its application to the State in substantially approvable form.

Competitive Grant

If the authorizing statute or regulation for a program gives the State discretion to select subrecipients, the State may not authorize an applicant for a subgrant to obligate funds until the subgrant is made.

Reimbursement for obligations is subject to final approval of the application.

Reference: 34 CFR Part 76.708

PERIOD OF PERFORMANCE

Period of performance means the time interval between the start and end date of a federal award, which may include one or more budget periods. Subrecipients may not pay expenditures outside of the period of performance.

The grant cycle runs with the state fiscal year from July 1 to June 30. Obligations made with federal funds may only occur within the grant cycle time frame. Subrecipients may not use current year funds on a prior year obligation if grant cycles are crossed. Obligations may not occur after June 30 as that is the start of a new fiscal year and new grant cycle.

The obligation period is the period during the grant cycle in which funds may be obligated. Funds shall not be obligated until the budget application has been submitted or July 1, whichever is later. *

The FER reporting period is the period during which obligations made during the obligation period are expended and reported. The FER due date has been extended to September 30 to allow subrecipients additional time to close the books and report expenditures from obligations made during the obligation period of the grant cycle. DESE must follow period of performance requirements as well; therefore, it is important for subrecipients to submit invoices and final expenditure reports (FER) by the due dates to ensure timely payments.

**Competitive grants may not obligate funds until the date of the subgrant award.*

Reference: 34 CFR Part 76.707 and 2 CFR Part 200.309

Grant Cycle	Obligation Period	FER Reporting Period
July 1 – June 30	Date of Substantially Approved Application – June 30	July 1 – September 30
Period during which funds may be obligated and expended.	Obligations occur during the grant cycle, but only after a substantially approved budget application has been submitted.	Expenditures for obligations made during the obligation period (date of substantially approved application – June 30) may be reported up until September 30.

POLITICAL ACTIVITY

Federal funds cannot be used for partisan political purposes of any kind including advocacy by any person/organization involved in the administration of federally assisted programs.

Reference: Hatch Act (5 U.S.C. 1501-1508) and Intergovernmental Personnel Act of 1970, as amended by Title VI of Civil Services Reform Act and Public law 95-454 Section 4728 and 2 CFR Part 200.450

PROCUREMENT (Written Procedures Required)

General Procurement Standards

The subrecipient must maintain and use documented procedures for procurement transactions under a federal award or subaward, including for acquisition of property or services. The documented procurement procedures must be consistent with State, local, and tribal laws and regulations and the standards identified in §§ 200.317 through 200.327.

Subrecipients must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contracts or purchase orders.

The subrecipient must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. No employee, officer, agent, or board member with a real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by the federal award. Such a conflict of interest would arise when the employee, officer, agent, or board member, any immediate family member, a partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract. An employee, officer, agent, and board member of the subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors. However, subrecipients may set standards for situations where the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The subrecipient's standards of conduct must also provide for disciplinary actions to be applied for violations by its employees, officers, agents, or board members.

If the subrecipient has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the subrecipient must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the subrecipient is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

The subrecipient's procedures must avoid the acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis should be made between subleasing and purchasing property or equipment to determine the most economical approach.

To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the federal government, the subrecipient is encouraged to enter into State and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

The subrecipient is encouraged to use excess and surplus federal property instead of purchasing new equipment and property when it is feasible and reduces project costs.

When practical, the subrecipient is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lowest cost.

The subrecipient must award contracts only to responsible contractors that possess the ability to perform successfully under the terms and conditions of a proposed contract. Consideration must be given to such matters as contractor integrity, public policy compliance, proper classification of employees, past performance record, and financial and technical resources when conducting a procurement transaction. See also § 200.214.

The subrecipient must maintain records sufficient to detail the history of each procurement transaction. The records must include, but are not necessarily limited to, the following: rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price.

The subrecipient may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a subrecipient is the sum of:

- The actual cost of materials; and
- Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Because the above formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the subrecipient awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

The subrecipient is responsible for the settlement of all contractual and administrative issues arising out of its procurement transactions. Issues may include, but are not limited to, source evaluation, protests, disputes, and claims. The standards do not relieve the subrecipient of any contractual responsibilities under its contracts. The federal awarding agency will not substitute its judgment for that of the subrecipient unless the matter is primarily a federal concern. The subrecipient must report violations of law to federal, state, or local authority with proper jurisdiction.

Reference: 2 CFR Part 200.318

Competition

All procurement transactions under the federal award must be conducted in a manner that provides full and open competition and is consistent with the standards of this section and § 200.320.

To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids must be excluded from competing on those procurements. Examples of situations that may restrict competition include, but are not limited to:

1. Placing unreasonable requirements on firms for them to qualify to do business;
2. Requiring unnecessary experience and excessive bonding;
3. Noncompetitive pricing practices between firms or between affiliated companies;
4. Noncompetitive contracts to consultants that are on retainer contracts;
5. Organizational conflicts of interest;
6. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
7. Any arbitrary action in the procurement process.

The subrecipient must have written procedures for procurement transactions. The procedures must ensure that all solicitations:

1. Incorporate a clear and accurate description of the technical requirements for the property, equipment, or service being procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the property, equipment, or service to be procured. When necessary, the description must provide minimum essential characteristics and standards to which the property, equipment, or service must conform. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to clearly and accurately describe the technical requirements, a “brand name or equivalent” description of features may be used to provide procurement requirements. The specific features of the named brand must be clearly stated; and
2. Identify any additional requirements which the offerors must fulfill and all other factors that will be used in evaluating bids or proposals.

The subrecipient must ensure that all prequalified lists of persons, firms, or products used in procurement transactions are current and include enough qualified sources to ensure maximum open competition. When establishing or amending prequalified lists, the subrecipient must consider objective factors that evaluate price and cost to maximize competition. The subrecipient must not preclude potential bidders from qualifying during the solicitation period.

To the extent consistent with the established practices and legal requirements applicable to the subrecipient, this subpart does not prohibit the subrecipient from developing written procedures for procurement transactions that incorporate a scoring mechanism that rewards bidders that commit to specific numbers and types of U.S. jobs, minimum compensation, benefits, on-the-job training for employees making work products or providing services on a contract, and other worker protections. Noncompetitive procurements can only be awarded in accordance with § 200.320(c).

Reference: 2 CFR Part 200.319

Methods of Procurement

The subrecipient must maintain and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following procurement methods.

1. ***Informal procurement methods for small purchases.*** Procurement methods that expedite the completion of transactions, minimize administrative burdens, and reduce costs. Informal procurement methods may be used when the value of the procurement transaction under the

federal award does not exceed the *simplified acquisition threshold (SAT)* as defined in § 200.1. The subrecipient may also establish a lower threshold. Informal procurement methods include:

a. ***Micro-purchases (up to \$15,000)–***

- i. ***Distribution.*** The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold defined in § 200.1. To the extent practicable, the subrecipient should distribute micro-purchases equitably among qualified suppliers.
- ii. ***Micro-purchase awards.*** Micro-purchases may be awarded without soliciting competitive price or rate quotations if the subrecipient considers the price to be reasonable based on research, experience, purchase history, or other information; and maintains documents to support its conclusion. Purchase cards may be used as a method of payment for micro-purchases.
- iii. ***Micro-purchase thresholds.*** The subrecipient is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the subrecipient must be authorized or not prohibited under State, local, or tribal laws or regulations. The subrecipient may establish a threshold higher than the federal threshold established in the federal Acquisition Regulations (FAR) in accordance with paragraphs (a)(1)(iv) and (v) of this section.
- iv. ***Subrecipient increase to the micro-purchase threshold up to \$50,000.*** The subrecipient may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The subrecipient may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the federal agency or pass-through entity and auditors in accordance with § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:
 1. A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit;
 2. An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
 3. For public institutions, a higher threshold is consistent with State law.
- v. ***Subrecipient increase to the micro-purchase threshold over \$50,000.*** Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The subrecipient must submit a request that includes the requirements in paragraph (a)(1)(iv) of this section. The increased threshold is valid until any factor that was relied on in the establishment and rationale of the threshold changes.

b. ***Simplified acquisitions (Small purchases of \$15,001 to \$350,000) –***

- i. ***Simplified acquisitions procedures.*** The aggregate dollar amount of the procurement transaction is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If simplified acquisition procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the subrecipient.
- ii. ***Simplified acquisition thresholds.*** The subrecipient is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an

evaluation of risk, and its documented procurement procedures, which may be lower than, but must not exceed, the threshold established in the FAR.

2. **Formal procurement methods (greater than \$350,000).** Formal procurement methods are required when the value of the procurement transaction under a federal award exceeds the SAT of the subrecipient. Formal procurement methods are competitive and require public notice. The following formal methods of procurement are used for procurement transactions above the simplified acquisition threshold determined by the subrecipient in accordance with paragraph (a)(2)(ii) of this section:
 - a. **Sealed bids.** A procurement method in which bids are publicly solicited through an invitation and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. The sealed bids procurement method is preferred for procuring construction services.
 - i. For sealed bidding to be feasible, the following conditions should be present:
 1. A complete, adequate, and realistic specification or purchase description is available;
 2. Two or more responsible bidders have been identified as willing and able to compete effectively for the business; and
 3. The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally based on price.
 - b. If sealed bids are used, the following requirements apply:
 - i. Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids. For local governments, the invitation for bids must be publicly advertised.
 - ii. The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond.
 - iii. All bids will be opened at the time and place prescribed in the invitation for bids. For local governments, the bids must be opened publicly.
 - iv. A firm-fixed-price contract is awarded in writing to the lowest responsive bid and responsible bidder. When specified in the invitation for bids, factors such as discounts, transportation cost, and life-cycle costs must be considered in determining which bid is lowest. Payment discounts must only be used to determine the low bid when the subrecipient determines they are a valid factor based on prior experience.
 - v. The subrecipient must document and provide a justification for all bids it rejects.
 - c. **Proposals.** A procurement method used when conditions are not appropriate for using sealed bids. The proposal method may result in either a fixed-price or cost-reimbursement contract. They are awarded in accordance with the following requirements:
 - i. Requests for proposals require public notice, and all evaluation factors and the relative importance must be identified. Proposals must be solicited from multiple qualified entities. To the maximum extent practicable, any proposals submitted in response to the public notice must be considered.
 - ii. The subrecipient must have written procedures for conducting technical evaluations and making selections.
 - iii. Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the subrecipient considering price and other factors.

- iv. The subrecipient may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where the price is not used as a selection factor, can only be used to procure A/E professional services. The method may not be used to purchase other services provided by A/E firms that are a potential source to perform the proposed effort.
- d. **Noncompetitive procurement.** There are specific circumstances in which the subrecipient may use a noncompetitive procurement method. The noncompetitive procurement method may only be used if one of the following circumstances applies:
 - i. The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section);
 - ii. The procurement transaction can only be fulfilled by a single source;
 - iii. The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation;
 - iv. The subrecipient requests in writing to use a noncompetitive procurement method, and the federal agency or pass-through entity provides written approval; or
 - v. After soliciting several sources, competition is determined inadequate.

Reference: 2 CFR Part 200.320

Contracting with Small, Minority, Women's, and Veteran-Owned Businesses

When possible, the subrecipient should ensure that small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms are considered.

Reference: 2 CFR Part 200.321

Contract Provisions

The subrecipient's contracts must contain the applicable provisions described in [Appendix II of this part](#).

Reference: 2 CFR Part 200.327

PROGRAM INCOME

Program income means gross income earned by the subrecipient that is directly generated by a supported activity or earned as a result of the federal award during the period of performance except as provided in § 200.307(c). Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees, and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also § 200.407. See also 35 U.S.C. 200-212 "Disposition of Rights in Educational Awards" applies to inventions made under federal awards.

Program income shall be deducted from reimbursements unless the federal awarding agency regulations or the grant agreement specify another alternative. Program income must be used for the original purpose of the federal award. Program income earned during the period of performance may only be used for costs incurred during the period of performance or allowable closeout costs. Program income must be expended prior to requesting additional federal funds.

Reference: 2 CFR Parts 200.307

RECORD RETENTION

Financial records, supporting documents, statistical records, and all other subrecipient records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report.

If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and the final action taken.

Records for real property and equipment acquired with federal funds must be retained for three years after final disposition.

Reference: 2 CFR Part 200.334

REQUIRED CERTIFICATIONS

Subrecipients under the federal award must certify to DESE whenever applying for funds, requesting payment, and submitting financial reports: *"I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812."*

Reference: 2 CFR Part 200.415

SINGLE AUDIT

A subrecipient that expends \$1,000,000 or more during that fiscal year in federal awards must have a single or program-specific audit conducted for that year.

Reference: 2 CFR Part 200.501

When procuring audit services, the objective is to obtain high quality audits. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the subrecipient must request a copy of the audit organization's peer review report which the auditor is required to provide under Generally Accepted Government Auditing Standards (GAGAS). Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, the auditee must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services

Reference: 2 CFR Part 200.509

The auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total federal awards expended. The schedule should include the individual federal programs separately or within a cluster of programs.

Reference: 2 CFR Part 200.510

At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings a corrective action plan to address each audit finding included in the current year auditor's report. The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

Reference: 2 CFR Part 200.511

SUBRECIPIENT MONITORING

DESE must monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with federal statutes, regulations, and the terms and conditions of the subaward. DESE is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, DESE must:

1. Review financial and performance reports;
2. Ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward. Significant developments include Single Audit findings related to the subaward, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which will impact the ability to meet the milestones or the objectives of a subaward. When significant developments negatively impact the subaward, a subrecipient must provide DESE with information on the plan for corrective action and any assistance needed to resolve the situation;
3. Issue a management decision for audit findings pertaining only to the federal award provided to the subrecipient from the pass-through entity as required by § 200.521; and
4. Resolve audit findings specifically related to the subaward.

The monitoring process at DESE involves a mix of programmatic (technical and performance) and fiscal (financial) oversight, including activities like risk assessments, regular communication, training, and the review of documentation to ensure funds are used appropriately and objectives are being met. Here are the three components of DESE’s monitoring process:

Desk Audit/Application Review

The desk audit/application review process consists of the review and approval of budgets, payment requests, final expenditure reports (FERs) and any other supporting documentation/data. It also includes technical assistance provided over the phone, in manuals, by email, and through training.

Self-Assessment/Desk Monitoring

The self-assessment/desk monitoring process consists of the completion and submission of a self-assessment by the subrecipient. The self-assessment process is completed through the Tiered Monitoring System under Desk Monitoring.

On the self-assessment, subrecipients are asked to answer a series of questions with a Yes, No, or N/A response and provide comments where required. If there are any questionable, incomplete, incorrect, or noncompliant responses, the subrecipient is asked to upload specific expenditure documentation (general ledgers, invoices, policies, procedures, inventories, etc.) into the Tiered Monitoring System for further review. The type of supporting documentation requested is based on the area of concern.

On-Site/Virtual Monitoring

Subrecipients determined to be high risk will be selected for an On-site/Virtual Monitoring.

To expedite the on-site review process, subrecipients are required to upload the documentation into the Global Repository within the Tiered Monitoring System prior to the on-site review. Additional documentation, including invoices, purchase orders, credit card statements, contracts, inventory records, teacher contracts, etc. is also reviewed during the on-site visit.

In the event the on-site review is unable to be completed due to a pandemic, weather, or other unforeseen circumstance, the monitoring will be completed virtually. The subrecipient will be required to upload the additional supporting documentation typically reviewed on-site.

Monitoring Questions

See Appendix A for examples of the general fiscal monitoring questions related to all federal awards administered by DESE.

Reference: 2 CFR Part 200.332(e)

SUPPLEMENT NOT SUPPLANT REQUIREMENTS

Under the federal “supplement, not supplant” requirement, subrecipients may use federal funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the

federal funds, be made available from non-federal sources for the education of participating students. In no case may subrecipients use federal program funds to supplant (take the place of) funds from non-federal sources.

Contact the appropriate DESE program section for program specific supplement, not supplant guidance.

Supplanting is presumed to occur in the following instances:

- The subrecipient uses federal funds to provide services that it is required to make available under other federal, state, or local laws.
- The subrecipient uses federal funds to provide services that were provided with non-federal funds in the prior year.

The presumptions are rebuttable if the subrecipient can demonstrate that it would not have provided the services in question with non-federal funds had the federal funds not been available. For example, a subrecipient in the past year had used state or local funds to pay the salaries of certain personnel. The subrecipient then experiences significant loss of revenue. In the next year that subrecipient may be able to demonstrate that the use of current year federal program funds to pay for the salary costs would not be supplanting because, without the federal funds, it would not have the resources needed to maintain the positions. The exception can also be used where the services are mandated by state law, but the state provides no funds for it.

When using a rebuttable exception, it is very important that the subrecipient maintains good fiscal records and documentation from management (school board, board of directors, authorized representatives, etc.) that will permit an auditor or program monitor to conclude that they have not supplanted.

In particular, a subrecipient that believes it could not maintain services previously paid with state or local funds had federal program funds not been available should:

1. Be able to demonstrate a decrease of state and local funds from the prior year, and the maintenance or increase in standard operating costs (salaries, benefits, supplies, etc.) from the prior year;
-OR-
Be able to demonstrate that any increase in state and local funds is less than increases of the standard operating costs, and state/local funds have not been redirected to a new activity;
-AND-
2. Be able to demonstrate that management is on record as deciding to eliminate the activity under question unless a new source of funds is made available from non-state and non-local funds (in the absence of state and local funds), and the activities to be funded under a particular federal program are clearly consistent with the purpose of that program.

Reference: Specific Program Requirements

SUPPLIES

Title to supplies acquired under the federal award will vest upon acquisition in the subrecipient. When there is a residual inventory of unused supplies exceeding \$10,000 in aggregate value at the end of the period of performance, and the supplies are not needed for any other federal award, the subrecipient may retain or sell the unused supplies. Unused supplies mean supplies that are in new condition, not having been used or opened before. The aggregate value of unused supplies consists of all supply types, not just like-item supplies. The federal agency or DESE is entitled to compensation in an amount calculated by multiplying the percentage of the federal agency's or DESE's contribution towards the cost of the original purchase by the current market value or proceeds from the sale. If the supplies are sold, the federal agency or DESE may permit the subrecipient to retain, from the federal share, \$1,000 of the proceeds to cover expenses associated with the selling and handling of the supplies.

Reference: 2 CFR Part 200.314

TIME AND EFFORT (Written Procedures Required)

UGG does not require semi-annual certifications or personnel activity reports (PARs) as support for compensation expenses. However, subrecipients must use an internal control system for documenting time and effort. Examples of documentation may include semi-annual certifications, PARs, or substitute systems.

Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements noted below and that the total compensation for individual employees:

- Is reasonable for the services rendered and conforms to the established written policy of the subrecipient consistently applied to both federal and non-federal activities;
- Follows an appointment made in accordance with the subrecipient's laws, rules, or written policies and meets the requirements of federal statute, where applicable; and
- Is determined and supported by appropriate time and effort documentation.

Documentation of Personnel

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. Staff included in the consolidated schoolwide pool are exempt from time and effort documentation. Personnel Records must:

- Be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the subrecipient;
- Reasonably reflect the total activity for which the employee is compensated by the subrecipient, not exceeding 100% of compensated activities;

- Encompass federally assisted and all other activities compensated by the subrecipient on an integrated basis but may include the use of subsidiary records as defined in the subrecipient's written policy;
- Comply with the established accounting policies and procedures of the subrecipient;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity;
- Budget estimates alone do not qualify as support for charges to federal awards but may be used for interim accounting purposes; and
- Records may reflect categories of activities as a percentage distribution of total activities.

Time and Effort Documentation for Subrecipients

Records are required for all employees, including teachers, paraprofessionals, administrators, and other staff paid with federal funds to document the time and effort they spend within the program. The portion of the federally paid salary should be reflective of the actual activity, not budgeted, the individual has put forth for that federal program. Time and effort reporting is required when any part of an individual's salary is charged to a federal program or used as match for a federal program.

Semi-Annual Time Certification

Where employees are expected to work solely on a single federal award or cost objective, charges for salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. The certifications are required to be prepared at least semi-annually. A [Semi-Annual Certification Form](#) must be completed for each applicable individual employee.

The requirements for the Semi-Annual Certification Form are as follows:

- Must be prepared semi-annually for the funding period indicated on the form.
- Must include actual dates of funding period.
- Must be signed AFTER the funding period indicated on the form.
- Must be signed by either the employee or a supervisor having first-hand knowledge of the work performed by the employee.

Semi-Annual Time Certification (Alternative Form)

DESE has approved an alternative method for employees who are required to complete semi-annual certifications. Subrecipients who have multiple employees working in a specific federal program only and are paid any portion of federal funds may compile a list of applicable employees and certify the employees work in the federal program only; in lieu of completing a "Semi-Annual Certification Form" for each employee.

A [Semi-Annual Certification \(Alternative\) Form](#) must be completed for all applicable employees.

The requirements for the Semi-Annual Certification (Alternative) Form are as follows:

- Must be prepared semi-annually for funding period indicated on the form.
- Must list all employee names and positions on the form that are being certified.
- Must be signed AFTER the funding period indicated on the form.
- Must be signed by a supervisor having first-hand knowledge of the work performed by the employees.

Monthly Personnel Activity Report

Where employees work on multiple activities or cost objectives, a distribution of salaries or wages will be supported by PARs. Salaries and wages of employees used in meeting cost sharing or matching requirements of federal awards must be supported in the same manner as those claimed as allowable costs under federal awards. A [Personnel Activity Report \(PAR\)](#) must be completed for the applicable employee.

The requirements for the PAR are as follows:

- The report must account for the total hours in which the employee works per day and include the description of the activity that was performed.
- The report must be completed on a monthly basis.
- The report must account for the total activities of the employee for all programs, including both the direct and indirect time.
- Must be signed after the end of each month.
- Must be signed by both the employee and a supervisor having first-hand knowledge of the work performed by the employee.

Substitute System Management Annual Certification Form

Substitute system guidelines include:

1. To be eligible to document time and effort under the substitute system, employees must:
 - a. Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports;
 - b. Work on specific activities or cost objectives based on a predetermined schedule; and
 - c. Not work on multiple activities or cost objectives at the exact same time on the schedule.
2. Under the substitute system, in lieu of PARs, eligible employees may support a distribution of the salaries and wages through documentation of an established work schedule that meets the standards under section (3). An acceptable work schedule may be in a style and format already used by a subrecipient.
3. Employee schedules must:
 - a. Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule;
 - b. Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and
 - c. Be certified at least semi-annually and signed by the employee and a supervisory official having firsthand knowledge of the work performed by the employee.

4. Any revisions to an employee's established schedule that continue for a prolonged period must be documented and certified in accordance with the requirements in section (3). The effective dates of any changes must be clearly indicated in the documentation provided.
5. Any significant deviations from an employee's established schedule, that require the employee to work on multiple activities or cost objectives at the exact same time, including but not limited to lengthy, unanticipated schedule changes, must be documented by the employee using a PAR that covers the period during which the deviations occurred.

[Substitute System Information](#) includes the Substitute System Management Certification Form, sample fixed work schedules, and a sample Substitute System Employee Certification Form.

The requirements for the Substitute System Employee Certification Form are as follows:

- Must be prepared semi-annually for the funding period indicated on the form. The funding period is generally a six-month time frame or a school semester.
- Must be signed after the funding period.
- Must be signed by both the employee and a supervisor having first-hand knowledge of the work performed by the employee.
- Must attach a copy of the fixed work schedule to the Substitute System Employee Certification Form.

Stipends and Extra-Duty Pay

When a subrecipient pays for extra work beyond an employee's regular contract, then the subrecipient must develop beforehand written documentation that indicates the extra work to be performed, the date(s) of performance, and the amount or rate to be paid to the employee. A contract, if established, must also be signed by the subrecipient and the employee to show the acceptance of the terms.

Stipends/extra duty pay refers to pay for extra work beyond an employee's regular contract. The subrecipient must have written documentation/agreement to support the stipend/extra duty pay prior to the payment of federal funds.

The written documentation/agreement should include:

- The activity/extra work to be performed
- The applicable date(s) of performance
- The amount to be paid to the employee
- Employee's signature
- Supervisor/official to show acceptance of the terms

In addition, the employee must complete time and effort documentation that supports the extra work beyond the employee's regular contract. The documentation could be a semi-annual time certification or monthly PARs.

Refer to program specific guidance if required to code stipends and extra duty pay in Missouri Student Information System (MOSIS).

Reference: 2 CFR Part 200.430 and 2 CFR Part 200.431

Additional information on time and effort and sample forms are available on the [General Federal Guidance website](#).

Time and Effort Guidelines

Cost Objective	Criteria	Documentation Required
Single Cost Objective	Employee works solely on a single federal award or cost objective.	Semi-Annual Certification - Must be prepared at least semi-annually; and - Must be signed after-the-fact by the employee or a supervisory official having firsthand knowledge of the work performed by the employee. * - Must include actual dates.
Multiple Cost Objectives	- More than one federal award; - Federal award & non-federal award; - Indirect cost activity & direct cost activity; - Two or more indirect activities that are allocated using different allocation bases; or - Unallowable activity & and a direct or indirect cost activity.	Personnel Activity Report (PAR) - Reflect an after-the-fact distribution of the actual activity of the employee. - Account for the total activity for which each employee is compensated
Multiple Cost Objectives with a Fixed Schedule (Substitute System)	- Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports. - Work on specific activities or cost objectives based on a predetermined schedule; and - Not work on multiple activities or cost objectives at the exact same time on the schedule.	Substitute System Certification & Fixed Schedule - Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule; - Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and - Be certified at least semi-annually & signed by the employee & a supervisory official having firsthand knowledge of the work performed by the employee.

Cost Objective	Criteria	Documentation Required
Stipend and Extra Duty Pay	Pay for extra work beyond an employee's regular contract	Written Agreement - Indicates the extra work to be performed; - Date(s) of performance; - Amount to be paid to the employee; and - Must be signed by the employer & the employee to show the acceptance of the terms. AND Semi-Annual Certification or PAR - See and follow requirements above
*Signed could be actual signature or approval in an electronic timekeeping system.		

TRAVEL COSTS (Written Policy Required)

General

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the subrecipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the subrecipient's non-federally-funded activities and in accordance with subrecipient's written travel reimbursement policies.

Lodging and Subsistence

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the subrecipient in its regular operations as the result of the subrecipient's written travel policy. In addition, if the travel costs are charged directly to the federal award, documentation must be maintained that justifies:

1. Participation of the individual is necessary to the federal award; and
2. The costs are reasonable and consistent with subrecipient's established travel policy.

Documentation could include any or all of the following:

- Agenda

- Prior Written Approval
- Written Justification Statement

Additionally, the subrecipient must have written travel policies in order for travel costs to be allowable. A typical travel policy addresses the types of travel, including single day travel, overnight travel, out-of-state travel, what expenses may be reimbursed, and what type of documentation is needed for reimbursement. The travel policy also needs to conform to state and local laws. It is a local determination whether to utilize state or federal rates, such as mileage reimbursement, as long as the application is made uniformly.

Dependent Care

A subrecipient may not use its grant funds for temporary dependent care costs unless specifically permitted by the authorizing statute, regulation, and Department.

Reference: 2 CFR Part 200.475

WHISTLEBLOWER PROTECTIONS (Written Policy Required)

An employee of a subrecipient must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in [paragraph \(a\)\(2\) of 41 U.S.C. 4712](#) information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant. The subrecipient must inform their employees in writing of employee whistleblower rights and protections under [41 U.S.C. 4712](#). See statutory requirements for whistleblower protections at [10 U.S.C. 4701](#), [41 U.S.C. 4712](#), [41 U.S.C. 4304](#), and [10 U.S.C. 4310](#).

Reference: 2 CFR Part 200.217

WRITTEN POLICIES OR PROCEDURES REQUIREMENTS

The following are some of the required policies and procedures identified within the guidance document. A subrecipient must develop and implement its own documented procedures and policies which reflect applicable federal, state, and local laws and regulations. The list is not all-inclusive. (*Note: Procedures are not Board approved. Policies are Board approved.*)

1. Allowability (Written Procedure) – *2 CFR Parts 200.302(b)(7) and 200.403*
2. Cash Management (Written Procedure) – *Reference: 2 CFR Parts 200.302(b)(6) and 200.305*
3. Procurement (Written Procedure) – *Reference: 2 CFR Part 200.318 through 200.327*
4. Time & Effort (Written Procedure) – *Reference: 2 CFR Part 200.430*
5. Travel (Written Policy) – *Reference: 2 CFR Part 200.475*
6. Whistleblower (Written Policy) – *Reference 2 CFR Part 200.217*

Conflict of Interest

A subrecipient must disclose in writing any potential conflict of interest to the federal agency or DESE in accordance with the established federal agency policies.

Reference: 2 CFR Part 200.112

Mandatory Disclosures

A subrecipient must promptly disclose whenever, in connection with the federal award, it has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code or a violation of the civil False Claims Act (31 U.S.C. 3729-3733). The disclosure must be made in writing to the federal agency, the agency's Office of Inspector General, and DESE (if applicable).

Reference: 2 CFR Part 200.113

Additional resources are on the [Financial and Administrative Services](#) webpage.

APPENDIX A – GENERAL FISCAL MONITORING QUESTIONS

Monitoring questions will be presented to subrecipients to determine compliance with federal requirements. The supporting documentation listed may be reviewed during the monitoring process. If a subrecipient is found to be non-compliant, the typical required action is listed in the corrective action plan (CAP) column. However, depending on the specific situation, additional and/or other CAPs may be issued. Once a CAP has been issued, the subrecipient has 30 calendar days to respond to the initial CAP. In the event a subsequent CAP is issued, the subrecipient will have up to two weeks to respond. Below are examples of general fiscal monitoring questions and corrective action plans. These are example questions, as each federal program section may have different variances of these questions.

#	QUESTION	DOCUMENTATION	CAP
IDENTIFICATION OF AWARD			
1.	Did the subrecipient have a method for the identification of the federal grant award?	Subrecipient financial management system Federal Award Identification spreadsheet	The subrecipient must create a process/procedure for the identification of the federal grant award. The subrecipient must track the award in the financial management system or utilize the Federal Award Identification spreadsheet with the required components.
CASH MANAGEMENT			
2.	Did the subrecipient have a written policy/procedure on cash management that explains the process to request reimbursement of federal funds?	Board Policy and/or Procedure	The subrecipient must create a process/procedure to ensure future compliance with CMIA timelines by making payment requests based on actual expenditures coded in the general ledger as being paid with federal funds at the time of the payment request.
3.	Did the subrecipient request federal funds on a reimbursement basis?	Prior Year Detailed General Ledger Prior Year Payment Request	The subrecipient must create a process/procedure to ensure future compliance with CMIA timelines by making payment requests based on actual expenditures coded in the general ledger as being paid with federal funds at the time of the payment request.

#	QUESTION	DOCUMENTATION	CAP
CODING EXPENDITURES			
4.	Did the subrecipient use the correct project and source code to track expenditures?	Prior Year Detailed General Ledger	The subrecipient must create project codes to track expenditures. The subrecipient must utilize source code 4 to track expenditures. In addition, the subrecipient may need to complete journal entry corrections within the general ledger to recode expenditures.
5.	Did the subrecipient ensure expenditures recorded in the general ledger match what was reported in the ePeGS FER grid?	Prior Year Detailed General Ledger Prior Year FER	The subrecipient must complete journal entry corrections within the general ledger to recode expenditures to match what was reported in the ePeGS FER grid; or revise the FER to match the general ledger. The subrecipient must create a process/procedure in which the general ledger matches the amounts reported in the FER grid to ensure future compliance with allowable use of funds.
6.	Did the subrecipient ensure expenditures paid with federal funds were coded in the general ledger up to the allocation/payment amount?	Prior Year Detailed General Ledger Prior Year Payment Request Prior Year Payment Transmittal	The subrecipient must complete journal entry corrections within the general ledger to recode the over-coded federal expenditures as state, local, and/or county expenditures. If the subrecipient did not capture the over-coded federal expenditures the subrecipient must revise the FER to report accurate amounts.

#	QUESTION	DOCUMENTATION	CAP
CODING EXPENDITURES			
7.	Did the subrecipient have records to demonstrate funds were obligated and liquidated within the approved grant period?	Prior Year Detailed General Ledger Prior Year Contracts Prior Year Purchase Orders Prior Year Payroll Records	The subrecipient must create a process/procedure to ensure expenditures are in-compliance within the approved grant period. The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue. The subrecipient must create a process/procedure to ensure future compliance with obligation of funds requirements.
8.	Did the subrecipient ensure payment requests did not exceed the expenditures coded in the general ledger as being paid with federal funds (overpaid)?	Prior Year Detailed General Ledger	The subrecipient must complete journal entry corrections within the general ledger to recode other allowable expenditures to match the amount of federal funds requested. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue. The subrecipient must create a process/procedure to ensure future compliance with CMIA timelines by

			making payment requests based on actual expenditures.
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#	QUESTION	DOCUMENTATION	CAP
OBLIGATION OF FUNDS			
9.	Did the subrecipient ensure that vendor contracts paid with federal funds were not signed and that purchase orders paid with federal funds were not created prior to the submission of the budget application or July 1st, whichever is later?	Prior Year Detailed General Ledger Prior Year Contracts Prior Year Purchase Orders	The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures (contracts signed prior to the submission of the budget application or purchase orders created prior to the submission of the budget application) with other allowable expenditures. In no other allowable expenditures to recode, the subrecipient must pay back, from state, local, and/or county revenue, the amount obligated prior to the submission date of the Budget Application. In addition, the subrecipient must pay interest based on the unallowable expenditures, from state, local, and/or county revenue. The subrecipient must create a process/procedure to ensure future compliance with obligation of funds.
10.	Did the subrecipient obligate and expend funds only during the period of performance? Were obligations and/or expenditures incurred prior to the substantially approved application date (July 1 or later), and were obligations and/or expenditures made after June 30?	Prior Year Detailed General Ledger Prior Year Contracts Prior Year Purchase Orders Prior Year Payroll Records	The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. The subrecipient must create a process/procedure to ensure future compliance with obligation of funds. The subrecipient must create a process/procedure to ensure expenditures are within the period of performance.

#	QUESTION	DOCUMENTATION	CAP
OBLIGATION OF FUNDS			
11.	Did the subrecipient ensure employee payroll outside of the fiscal year (July 1 through June 30) is reported on the FER and is based on the year of the obligation and not when the payment was made?	Prior Year Detailed General Ledger Prior Year Contracts Prior Year Payroll Records	The subrecipient must create a process/procedure to ensure employee payroll are reported on the FER based on the year of obligation and not when the payment was made.
12.	Did the subrecipient ensure purchase orders were not issued/created prior to substantially approved date (July 1 or later) and were not issued/created after the grant period of June 30?	Prior Year Detailed General Ledger Prior Year Purchase Orders/Invoices Prior Year Payroll Records	The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue. The subrecipient must create a process/procedure to ensure expenditures are in compliance with federal obligation of funds in the future.
13.	Did the subrecipient review, sign, and date supporting documentation (purchase orders, invoices, etc.) prior to the payment being issued?	Prior Year Detailed General Ledger Prior Year Purchase Orders/Invoices Prior Year Payroll Records	The subrecipient must create a process/procedure where supporting documentation is reviewed prior to the approval of payments to ensure future compliance with internal controls.
14.	Did the subrecipient have a written policy/procedure	Board Policy and/or Procedure	The subrecipient must create a written policy/procedure for internal

	explaining internal controls and containing the minimum elements?		controls and must provide DESE with the required written policy/procedure for review.
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#	QUESTION	DOCUMENTATION	CAP
INTERNAL CONTROLS			
15.	Did the subrecipient follow internal controls policy/procedure?	Prior Year Detailed General Ledger Prior Year Purchase Orders/Invoices	The subrecipient must create a process/procedure to ensure that internal controls policy/procedure is followed.
ALLOWABLE USE OF FUNDS			
16.	Did the subrecipient have a written allowability policy/procedure for determining if federal funds are allowable, reasonable, and allocable costs?	Board Policy and/or Procedure	The subrecipient must create a written allowability policy/procedure. The subrecipient must provide the required written policy/procedure for DESE review.
17.	Did the subrecipient ensure expenditures paid with federal funds were in accordance with the allowable use of funds requirements?	Prior Year Detailed General Ledger Prior Year Invoices Prior Year Purchase Orders	The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue. The subrecipient must create a process/procedure to ensure expenditures paid with federal funds are in compliance with the allowable use of funds.

#	QUESTION	DOCUMENTATION	CAP
CONTRACTS/PROCUREMENT			
18.	Did the subrecipient follow the Procurement Procedure for all program expenditures paid with federal funds (expenditures recorded under object code 6300 in the ePeGS FER grid)?	Procurement Policy/Procedure Prior Year Contracts Prior Year Invoices Prior Year Detailed General Ledger Prior Year Purchase Orders Prior Year Bidding Documentation	The subrecipient must create a process/procedure to ensure future compliance with procurement requirements by following the subrecipient Procurement Procedure for all purchases made with federal funds. The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue.
TIME & EFFORT			
19.	Did the subrecipient have a written time and effort policy/procedure that explains the process employees must follow for documenting time and effort when paid with federal funds?	Board Policy and/or Procedure	The subrecipient must create a written time and effort policy/procedure. The subrecipient must provide the required written policy/procedure for DESE review.
20.	If the subrecipient had salaries and/or benefits claimed in the FER grid, are they able to identify the	Prior Year Detailed General Ledger Prior Year List of employees paid with	The subrecipient must identify staff paid with federal funds for the year being reviewed and complete time and effort documentation.

	specific employees who were paid any portion of federal funds?	federal funds	The subrecipient must create a process/procedure to identify employees who were paid with federal funds.
#	QUESTION	DOCUMENTATION	CAP
TIME & EFFORT			
21.	Did all teachers and paraprofessionals paid with federal funds have the appropriate certification/qualifications for the assignment they were teaching?	Prior Year Staff Assignment Report	Federal funds cannot be used to fund staff who are not appropriately certified. If it is a coding error, update the course code in the October MOSIS file to reflect actual job duties. If it is not a coding error, remove salaries and benefits from the FER and update the October Course Assignment file. The subrecipient must complete journal entry corrections within the general ledger to recode salaries and benefits for those teachers and paraprofessionals who are not appropriately certified/qualified to state and local funds. The subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue.
22.	Did the subrecipient have Semi-Annual Certification forms on file for employees who worked in the applicable federal program only and were paid any portion of federal funds?	Prior Year Semi-Annual Certification forms	The subrecipient must complete Semi-Annual Certification forms to support employees who worked solely on the program and were paid any portion of federal funds for the year being reviewed. The subrecipient must create a process/procedure to ensure future compliance with time and effort

			requirements for applicable employees.
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#	QUESTION	DOCUMENTATION	CAP
TIME & EFFORT			
23.	Did the subrecipient ensure the Semi-Annual Certification forms were completed twice during the school year (semi-annually)?	Prior Year Semi-Annual Certification forms	The subrecipient must complete Semi-Annual Certification forms twice during the school year (semi-annually) for employees who worked solely in the federal program and were paid any portion of federal funds for the school year being reviewed. The subrecipient must create a process/procedure to ensure future compliance with time and effort requirements by completing Semi-Annual Certification forms for all applicable employees on a semi-annual basis.
24.	Did the subrecipient ensure the Semi-Annual Certification forms were signed by either the employee or the supervisor?	Prior Year Semi-Annual Certification forms	The subrecipient must complete Semi-Annual Certification forms and ensure the certification form is signed by either the employee or the supervisor for the school year being reviewed. The subrecipient must create a process/procedure to ensure future compliance with time and effort requirements by having the forms signed by either the employee or the supervisor.
25.	Did the subrecipient ensure the Semi-Annual Certification forms were	Prior Year Semi-Annual Certification forms	The subrecipient must create a process/procedure to ensure future compliance with time and effort

	signed after the funding period listed on the certification form?		requirements by having the forms signed after the funding period listed on the certification forms.
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#	QUESTION	DOCUMENTATION	CAP
TIME & EFFORT			
26.	Did the subrecipient have Personnel Activity Reports (PARs) on file for employees who worked between multiple cost objectives and who were paid any portion of federal funds?	Prior Year Time and Effort Reports/Personnel Activity Report (PARs)	The subrecipient must complete Personnel Activity Reports (PARs) for employees who worked in multiple programs and were paid any portion of federal funds for the school year being reviewed, or complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue. The subrecipient must create a process/procedure to ensure future compliance with time and effort requirements by having Personnel Activity Reports (PARs) on file for employees who worked in multiple programs and were paid any portion of federal funds.

#	QUESTION	DOCUMENTATION	CAP
TIME & EFFORT			
27.	Did the subrecipient ensure stipends/extra duty work paid with any portion of federal funds were supported by written documentation/ agreement?	Prior Year Extra Duty/Stipend Written Agreements Prior Year Semi-Annual Certification forms Prior Year Time and Effort Reports/Personnel Activity Reports (PARS)	The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures and interest based on the unallowable expenditures, from state, local, and/or county revenue. The subrecipient must create a process/procedure to ensure stipends/extra duty work paid with federal funds is supported by written documentation.
EQUIPMENT MANAGEMENT/INVENTORY			
28.	Did the subrecipient have a policy/procedure for equipment management that contains all applicable provisions stated in 2 CFR 200.313 and 2 CFR 200.314?	Board Policy and/or Procedure	The subrecipient must create a policy/procedure that contains all applicable provisions.
29.	Did the subrecipient have a system in place to track and inventory all property purchased with federal funds?	Equipment Records/Inventory Listing	The subrecipient must create a process/procedure to ensure compliance with equipment inventory requirements for property purchased with federal funds.

			The subrecipient must track the equipment inventory in the financial management system or utilize the Equipment Inventory spreadsheet with the required components.
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#	QUESTION	DOCUMENTATION	CAP
EQUIPMENT MANAGEMENT/INVENTORY			
30.	Did the subrecipient conduct a physical inventory of the property purchased with federal funds?	Equipment Records/Inventory Listing	The subrecipient must create a process/procedure to ensure compliance with conducting a physical inventory at least once every two years for property purchased with federal funds. The subrecipient must document the physical inventory in the financial management system or utilize the Equipment Inventory spreadsheet with the required physical inventory certification.
SUPPLEMENT NOT SUPPLANT			
31.	Did the subrecipient ensure federal funds were used to supplement and not supplant non-federal funds?	Prior Year Detailed General Ledger Prior Year List of employees paid with federal funds Prior Year Staff Assignment Report Job descriptions for each federal funded position	The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue.
TRAVEL			
32.	Did the subrecipient have a written travel policy/procedure that	Board Policy and/or Procedure	The subrecipient must create a written travel policy/procedure.

	explains the types of travel, what expenses may be reimbursed, and what type of documentation is needed for reimbursement?		The subrecipient must provide the required written policy/procedure for DESE review.
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#	QUESTION	DOCUMENTATION	CAP
TRAVEL			
33.	Did the subrecipient ensure employees provided justification the participation of the individual was necessary to the federal award and costs were reasonable and consistent with the travel policy?	Written Travel Policy/Procedure Prior Year Detailed General Ledger Prior Year Expense Reports Prior Year Travel Justification Documentation	The subrecipient must complete journal entry corrections within the general ledger to recode unallowable expenditures with other allowable expenditures. If no other allowable expenditures, the subrecipient must pay back the unallowable expenditures with interest based on the unallowable expenditures, from state, local, and/or county revenue. The subrecipient must create a process/procedure to ensure travel expenditures paid with federal funds are reasonable and consistent with the travel policy.
WHISTLEBLOWER			
34.	Did the subrecipient have a written whistleblower policy/procedure that informs employees of whistleblower rights and protections?	Board Policy and/or Procedure	The subrecipient must create a written whistleblower policy/procedure. The subrecipient must provide the required written policy/procedure for DESE review.